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FM AMEMBASSY DILI  
TO RUEHC/SECSTATE WASHDC IMMEDIATE 3612  
INFO RUCNARF/ASEAN REGIONAL FORUM COLLECTIVE  
RUEHBR/AMEMBASSY BRASILIA 0586  
RUEHLI/AMEMBASSY LISBON 0952  
RUEHROV/AMEMBASSY VATICAN 0186  
RUEHLO/AMEMBASSY LONDON 0731  
RHEFDIA/DIA WASHINGTON DC  
RUEAIIA/CIA WASHDC  
RHMFIUU/DEPT OF JUSTICE WASHINGTON DC  
RHEHAAA/NATIONAL SECURITY COUNCIL WASHINGTON DC  
RHHMUNA/HQ USPACOM HONOLULU HI  
RUCNMCM/MCC COLLECTIVE  
RUEHDT/AMEMBASSY DILI 2988

UNCLAS DILI 000252

SIPDIS

SENSITIVE

SECSTATE FOR EAP/MTS  
USUN FOR RICHARD MCCURRY  
SIPDIS

E.O. 12958: N/A

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SUBJECT: GOVERNING COALITION AGREEMENT TO BE SIGNED TOMORROW, GUSMAO  
LIKELY TO BECOME PRIME MINISTER

11. (SBU) The last ballot from the June 30 election was counted at the Dili district counting center at mid-day July 5; results of the completed count are reported in paragraph 2. At approximately 8:00pm local time the same day, we learned that former President Xanana Gusmao's party, the National Congress for Timorese Reconstruction (CNRT), has reached an agreement with the coalition of the Social Democratic Association of Timor and the Social Democratic Party (ASDT/PSD) and the Democratic Party (PD) to form a coalition government. The agreement will be signed in a public ceremony July 6. A final agreement regarding who will lead such a government is still pending, but most expect that Gusmao would ultimately fill the Prime Minister position. Like most observers, we were anticipating that coalition discussions would take some time and their quick conclusion comes as a surprise. Nevertheless, the formal process of appointing the Government and the Prime Minister must still follow, and there remains some uncertainty regarding how this will proceed. According to the constitution, the President is to appoint the Prime Minister designated either by the party with the most votes or the alliance of parties with a parliamentary majority. President Jose Ramos-Horta is reportedly still in the process of gathering legal advice regarding whether he can bypass the party with the most votes (the ruling FRETILIN party) and go directly to appointing a government designated by a majority alliance. We will continue to report more details on the coalition and government formation process in the coming days.

12. (U) With 100% of district counting center results in, the outcome stands as follows, with the estimated number of seats in the 65 seat parliament in parentheses:

-- The ruling FRETILIN party has 29% (21)

-- Former President Xanana Gusmao's National Congress for Timorese Reconstruction (CNRT) has 24.1% (18)

-- The coalition of the Social Democratic Association of Timor and the Social Democratic Party (ASDT/PSD) has 15.8% (11)

-- The Democratic Party (PD) has 11.3% (8)

-- The National Unity Party (PUN), has 4.5% (3)

-- The coalition of KOTA and PPT (the Democratic Alliance) has 3.2 % (2)

-- The National Democratic Union of Timorese Resistance (UNDERTIM) has 3.2% (2)

Seven of the 14 parties on the ballot, representing nine percent of the votes cast, failed to reach the three percent threshold required for parliamentary representation.

KLEMM